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Grading and Standardization in Marketing Foods

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THERE has been much discussion recently with respect to the importance of a standard unit of value both for this country and for the great international trading nations. This is important not only because of the bearing that such a changing standard of value has on trading within any single country but also because of the enormous development of international trading. The United States and its products have become such an important factor in the international markets of the world, that we can no longer be indifferent as to standards of value. There are peculiar difficulties to be encountered in arriving at such a standard which would be stable, in a country with such a diversity of industry and area as the United States—not to discuss the added difficulties which are met when exchange among various countries arises.

The standard of value is, like all other standards of measurement, partly a result of law and partly a result of custom. But, since the unit of value must measure all other goods, its real or other goods value and its continual change in this goods value are difficult to express in some one standard or in static, unchanging values.

Then, too, this unit of value or the material of which it is now composed has in itself value in terms of other goods. It satisfied the desire of consumers for other than that of measuring the value of goods; whereas, other measuring units, such as the yard, the bushel or the pound, have in their representatives little actual economic good. If the metals which go to make up the unit of value did not thus have the value in the arts and sciences, it would be easier in using them to arrive at a static or stable measuring unit of value.

This standard of value, as contrasted with other standards of measurement, affects not only the immediate exchanges in a given market at a given time but also exchanges to be made in a

future market,—for example, in the transactions of debtors and creditors. Thus a given sale of credit for a consideration may at the actual delivery or payment represent either more or less than the amount of exchange when the contract was made. But in the ordinary transactions of the market, the use of other standards of measurement, however variable they may be in different markets, does not ordinarily, if confined to a single market, work any injustice on either party to the trade or transaction.

When A borrows \$100 of B, he may later pay more or less than \$100; but when there is a transaction between two parties involving, for example, 100 bushels of wheat, the bushels of wheat to the respective traders mean ordinarily the same thing. However, in the case of many commodities where the trading involves an exchange between dealers in different markets, confusion and difficulty arise approximating that to be found when the standard of value is of prime consideration.

It is not intended here to discuss primarily the inconvenience and losses resulting from the fluctuating standard of value, either in the same nation or between different nations, but to suggest some aspects of the importance to the market of developing standards and grades for food commodities. Frequently, discussion of the significance of changes in the standard of value seems to neglect the fact that there is an equally serious lack of uniformity in other standards of measurement. This is especially true in the United States where there are to be found many different standards of measurement of ordinary food commodities, and at the same time a very general absence of grading of food commodities.

VARIETY OF STANDARDS AND ABSENCE OF GRADING

The explanation of this great variety of standards and the general absence of grading is not far to seek. Owing to the great extent of the country, the scarcity of population and the wide separation of the settlements for many years during the early history of the United States, there was but a limited amount of trading among these groups. The market was in a large way a local one. There was also a great variety, even in the earlier period, of products and resources from this country. Then, too, the lack of transportation facilities and other means of communication between the widely separated settlements, all conduced

to restrict trading within the group. Therefore, great varieties of measuring units developed, each community selecting whatever seemed to answer its own needs, and thus were perpetuated through custom and use these numerous standards.

It was not until the population had increased along with the development of transportation facilities and other means of communication, that inter-group trading developed and these varieties of standards came to the notice of the traders. Even then the importance of the national and international market was much less than that of the local market, especially since the few products moving to the international market consisted of wheat and other staple commodities, such as cotton, in which any local differences in standards could in the international market easily be unified.

Another factor which has greatly contributed to the variety of standards is that of the character of our political organization. The federal government, the state governments and the local governments, each have under our theory of distribution of political power, authority to establish standards and grades for food commodities. The federal government has not until comparatively recent times been very active in this respect, and hence the state governments and the local governments—especially those of the larger municipalities—have been free to exercise their ideas on this subject. The result has been that the numerous state and city governments have passed laws establishing a great variety of standards and grades for food commodities.

Not only has there been lack of uniformity even between the states, but in a single state a state standard has frequently differed from that of a city or cities within the state, so that the result has come to be that for a particular commodity there may be a federal standard, or grade, a state standard or grade, and a city standard or grade. It is true that this is an extreme illustration of the variety, but examples can be found where there is this degree of lack of uniformity. Certainly the states have power to establish standards in grades for intra-state movements of food commodities different from those of the federal government. It may be a debatable question whether, under some state constitutions, city governments have the power to establish standards and grades different from those of the state. In any event, either

through the absence of prohibitions in the state constitution itself, or because of the strong force of custom, the above three-fold variety in standards does exist. The people of the particular community or section of the country thus become accustomed in their dealings to the standards of measurement and are loth in their exchanges with buyers and seller in other markets to accommodate themselves to the standards used in other markets.

Many examples of these variations in standards of measurement could be cited. For instance, in the case of the eight leading cereals in the United States, there are twenty-three (23) different bushels in use. The size of the hampers which are used in marketing certain food commodities, both perishable and non-perishable, differ very greatly. In the packing and selling of hundreds of commodities entering into various markets, the decimal system is sometimes used; and in other cases the dozen and gross, without any evident reason except custom to explain one or the other methods. Great confusion and inconvenience result from these variations in standards of measurement, and the adjustment necessary to be made represents an enormous outlay of time and money.

Then, too, the consuming public, as distinguished from the trading public, tends to perpetuate this unfortunate confusion. The average consumer, for example, does not like to buy potatoes or eggs by weight, for he has been long accustomed to buy these commodities either by measure or count. Vegetables are purchased by the bunch because that has been the accustomed method of marketing them.

ATTEMPT TO STANDARDIZE UNITS OF MEASUREMENT

There have been many examples where an effort has been made to standardize the units of measurement, and the reform has not been able to be made because of the opposition of the public or its indifference. Laws are passed or ordinances are enacted with respect to the establishment of standards of measurement, and they remain unenforced because public sentiment will not support the regulation, notwithstanding that in many of these cases the consumer is the one who would benefit the most from the observance of certain standards. Whether eggs are sold by weight or by the dozen makes a very great difference in the final result to the consumer.

An actual case in point can be cited of two large cities, located in different states, which draw their supply of eggs from the same general territory. In one city there is a regulation requiring eggs to be sold by weight; in the other, there is no such regulation. The very natural result is that in the egg-producing area the small eggs go to the market which has no regulation requiring their sale by weight.

Even in the case of such commodities as meat products, there is little uniformity in the preparation of the cuts for the market in different sections of the United States. This is especially true of beef and mutton, so that the result is that whenever an effort is made to compare prices of such an important food commodity as beef, great difficulty is experienced. Not only is there the necessary difference in grading the quality of the animals themselves for the market, but even the meat of the same grade of animal is prepared for the market in different ways, so that there is a great variety of cuts and very little actual correspondence in the same cut in different markets. It is very much a question whether the reforms needed to be made in the case of standardization and grading should concern themselves first with the commodities which are so directly of interest to the people as daily buyers of food commodities in the market or with those staple food commodities which move in interstate trade, and are of interest primarily to producers and traders.

DISORGANIZED FIELD OF UNGRADED FOOD COMMODITIES

All of what has been stated above has had prime reference to the establishment of standards of measurement. There still remains that very large and important disorganized field of ungraded food commodities. Scarcely a beginning has been made in this country in grading food commodities. What little has been done has been the result primarily of the activities of the federal government and not of the state or local governments, although not a few states have grading regulations of one or more important food commodities if they are produced in large quantities in the state. Some progress has been made in grading such commodities as wheat, potatoes, and a limited number of other food products.

Very well recognized difficulties are met when it comes to the

establishment of grades of food commodities. One of the greatest difficulties is the fact that a particular commodity which is sought to be graded is produced in so many different sections of the country, and varies in these sections so considerably with respect to size and quality, that a uniform grading law for the country as a whole might work a very great hardship on certain classes of the producers of this commodity. For example, if the grading in the case of potatoes is partly a question of size, difficulties are encountered, due to the fact that this product varies very considerably in size in different sections of the country, without a corresponding difference in quality.

It is probably true that grading laws should be considered primarily from the viewpoint of the dealers in these commodities; that is, the grower and distributor, rather than primarily from the viewpoint of the consumer. In other words, grading regulations are primarily of value as an adjunct to more advantageous marketing.

It is not true that grading regulations can be applied to any and every food commodity. There are very definite limits to grading and standardization regulations, and the attempt to establish them for all grades of food commodities would only lead to greater confusion than that which now exists. There can be, however, no difference of opinion as to the need for improved grading regulations and an increased number of uniform standards of measurement being established to facilitate not only the better marketing of food commodities, but also to confer a distinct advantage upon consumers.

The United States has passed out of its pioneer stage of industrial development. The local market has given way to that of the national market, and that has been succeeded in the case of many food commodities by the international market. The absence of standardization and grading, except as it was found in the particular local market, was of no particular significance in this earlier period. But now that buyer and seller are often separated by hundreds of miles, and therefore the commodity cannot be inspected nor samples sent, it is necessary that some means of conveying exact and accurate information to the buyer of what the seller has to sell be devised. The awkward method is yet used, in the case of some non-perishable food commodities, of sending

samples of the goods to be sold, whereas if there were an adequate, established grading law this would not be necessary.

In some cases producers in the United States have gone farther than those of any other nation in standardizing products, especially those of the machine industry and many other manufactured articles. The interchangeable part is a characteristic of American machines, and standard equipment has come to be a common thing in many lines of manufactured commodities.

Little, however, has been done with respect to food commodities. As has been suggested, the difficulty in arriving at a reformed system of standards and grading consists partly in the divided political authority over such matters, and partly in the fact that custom does not readily give way to a superior system. An improved situation may be brought about in several manners:

1. No political action or propaganda for the change might be taken up, leaving the whole condition to bring itself to bear in all its confusion more and more upon the people, and gradually, in time, through a recognition of these difficulties, a change looking towards uniformity might be made. This doubtless would be of very slow progress.

2. Another method of improvement might be adopted by leaving the whole matter in the hands of the trade groups themselves, in the belief that they would gradually bring about improved standards and grades.

3. An appeal to the governmental action might be made. This would seem the most promising of all, but a difficulty might arise in connection with using the government as an agency of reform. This has already been suggested in the divided control that exists between the federal and the state governments over the subject of standardization and grading.

It would seem, however, that in a situation such as this, where custom is long established, where there is great variety in practice in different sections of the country, and where divided political authority exists, a peculiarly good and promising field of activity is furnished to the federal government. The central government might well afford to take the lead by gradually increasing its regulations establishing standards and grades for food commodities. This would be not only a standard for interstate shipments, but because of its uniform nature the states would doubt-

less adopt the same standard and grade as that of the United States.

Indeed, in those few cases where the federal government has already established standards and grades, there has been a marked tendency on the part of states and cities to modify their laws and regulations, in harmony with those of the federal government. The Department of Agriculture and the Bureau of Standards of the federal government could, after careful investigation, suggest standards and grades for many food commodities.

The purpose of such standardization and grading should be the facilitating of the marketing of these commodities, and as an incidental result, the consumer would be greatly benefitted. The matter is not at all simple, for it will mean not only a change in state regulations but, what is even more difficult—a change in trade practices. In many cases of foods as well as other commodities there has grown up in the trade a system of grades that has little to justify it. It is frequently unnecessarily complex, and often too great a number of grades are established. These numerous grades are partly a result of historical development, and very often the commodity as now marketed does not justify such a large number of grades.

If a system of standards for measuring food commodities, and as simple as possible a system of grading were established, not only would the marketing of them be facilitated but the consumer could acquaint himself with grades of food commodities. At the present time he is frequently a victim of the distributor. He does not know what constitutes a number one product, and any system of grading ought to be not only limited as to the commodities but also simple as to its structure.

We need a great education of the buying public on food and food values. A proper system of standards and grading will conduce to this end.